

Message Text

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15

ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 COME-00 FMC-04 DOTE-00 CIAE-00

INR-10 NSAE-00 RSC-01 DODE-00 L-03 TRSE-00 OMB-01

/042 R

DRAFTED BY EB/TT/MA:JPSTEINMETZ:EC

APPROVED BY EB/TT/MA:RKBANK

COM/BIC:SJOHNSON

FMC:AREESE

EA/IMS:PGILL

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R 032216Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY SINGAPORE

UNCLAS STATE 067312

SUBJECT:FREIGHT RATE DISPARITIES PROBLEM

REF: SINGAPORE 1322

1. GALLAGHER'S CALL AT THE EMBASSY IS A REPEAT OF SIMILAR VISIT TO CONGEN OSAKA KOBE WHERE THE SAME TYPE OF PROBLEM WAS RAISED. IN THAT INSTANCE, DEPARTMENT SPOKE WITH COLLINS AND AIKMAN NYC AND SUGGESTED IT PURSUE FREIGHT RATE DISPARITY PROBLEM WITH NEW YORK DISTRICT OFFICE OF THE FEDERAL MARITIME COMMISSION. UNDER US SHIPPING LEGISLATION, THE FMC IS RESPONSIBLE FOR THE REGULATION OF OCEAN FREIGHT RATES IN THE US FOREIGN COMMERCE. THE COMPANY SHOULD FOLLOW THE SAME PROCEDURE WITH RESPECT TO FREIGHT RATE DISPARITIES AFFECTING THE US-SINGAPORE TRADE. COPIES OF REFTEL HAVE BEEN CIRCULATED TO FMC FOR ITS INFORMATION AND ACTION.

2. WITH RESPECT TO INBOUND-OUTBOUND FREIGHT RATE DISPARITIES, THE FMC HAS RULED THAT THE EXISTENCE OF A RATE DISPARITY IN A RECIPROCAL TRADE CONSTITUTES PRIMA FACIE EVIDENCE OF AN UNREASONABLE RATE AND PLACES THE BURDEN ON THE

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CARRIER OR CONFERENCE TO PROVE THAT THE RATE IS REASONABLE.

WHEN DEALING WITH DISPARITY PROBLEMS, THE FMC PREFERS INFORMAL NEGOTIATIONS WITH THE CONFERENCE AND SHIPPING LINES INVOLVED, RATHER THAN RESORTING TO FORMAL INVESTIGATIONS AND HEARINGS. THIS PRECLUDES HEAVY LITIGATION COSTS INHERENT IN FORMAL PROCEEDINGS AND APPEARS TO BE JUST AS, IF NOT MORE, EFFECTIVE IN ELIMINATING UNJUSTIFIED DISPARITIES IN THE US FOREIGN TRADES.

3. THIRD COUNTRY DISPARITIES, WHICH HAVE A MORE SIGNIFICANT IMPACT ON THE RELATIVE COMPETITIVE POSITION OF US EXPORTS, CAN PROBABLY BE MORE OFTEN JUSTIFIED ON THE BASIS OF TRANSPORT COST DIFFERENCES AND OTHER FACTORS THAT ARE EXTERNAL TO CARGO. WHILE THE FMC HAS NO JURISDICTION OVER NON-US FOREIGN TRADES, THIRD COUNTRY DISPARITIES OF ANY MAGNITUDE ARE OF EQUAL CONCERN TO THE AGENCY PARTICULARLY FROM THE STANDPOINT OF DETERMINING THE REASONABLENESS OF OCEAN FREIGHT RATES IN THE US FOREIGN COMMERCE. RUSH

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Disposition Event:
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30 JUN 2005

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Subject: REIGHT RATE DISPARITIES PROBLEM
TAGS: ETRD, US, SN, COLLINS & AIKMAN CORP, (GALLAGHER, CHARLES E)
To: SINGAPORE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005